

Message Text

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47

ACTION COME-00

INFO OCT-01 ARA-10 ISO-00 DOTE-00 EB-07 XMB-04 AID-05

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R 271330Z MAY 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 5691

INFO AMCONSUL GUAYAQUIL

UNCLAS QUITO 3627

FOR COMMERCE/BIC/OED/MEPD, AND FEDERAL HIGHWAY ADMINISTRATION/WALTER MCKENDRICK.

E.O. 11652: N/A

TAGS: BEXP, EC

SUBJECT: PRODUCT OPPORTUNITY: ROAD-BUILDING EQUIPMENT FOR MINISTRY OF PUBLIC WORKS.

REF: QUITO 2386 AND PREVIOUS.

1. IN LATE APRIL, COMATT QUERIED SUBSECRETARY OF PUBLIC WORKS, LT. COL. MARIO JIMENEZ, REGARDING MINISTRY'S DECISION ON ACQUISITION OF EQUIPMENT. SUBSECRETARY'S WRITTEN REPLY TWO WEEKS LATER CONFIRMED STATEMENTS MADE EARLIER BY VARIOUS PUBLIC AND PRIVATE SECTOR PERSONS TO EMBOFFS, NAMELY THAT MINISTRY (MOP) HAS DECIDED PURCHASE EQUIPMENT THROUGH PUBLIC TENDERS. FHWA IS NOT RPT NOT BEING CONSIDERED AS PROCUREMENT SOURCE. (COMMENT: EXACT AND/OR REAL REASONS FOR DECISION ARE STILL NOT KNOWN, BUT IT IS EVIDENT THAT THE FEE REQUIRED BY FHWA WAS A ANEGATIVE FACTOR. TO OUR KNOWLEDGE, HOWEVER, MOP STILL INTENDS TO PURCHASE U.S. EQUIPMENT TO EXTENT POSSIBLE. LOCAL U.S. DEALERS SUCH AS CATERPILLAR AND FIAT-ALLIS ARE OF COURSE HIGHLY INTERESTED, AND HAVE BEEN BUILDING UP INVENTORY IN ANTICIPATION OF PUBLIC ANNOUNCEMENT OF TENDER.)

2. NEW WRINKLE IS THAT GOE (ALLEGEDLY MINISTRY OF FINANCE) HAS APPLIED BRAKE TO MOP PLANS TO BUY EQUIPMENT AMOUNTING TO US\$60 MILLION, CLAIMING THAT SUCH AMOUNT IS EXCESSIVE EXPENDITURE. PLANS UNCLASSIFIED

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ARE NOW TO REDUCE PURCHASE TO US\$30 MILLION, AND TENDERS WILL BE

LET ON THIS AMOUNT.

3. FINANCING: FROM U.S. SOURCE, WE LEARNED YESTERDAY THAT MOP HAD RECEIVED TEN OFFERS OF FINANCING FOR US\$60 - 62 MILLION, INCLUDING ONE FROM WASHINGTON, D.C. FIRM IVOR B. CLARK WHICH WAS TURNED DOWN DUE TO HIGH SYNDICATION FEE, ALTHOUGH ALL OTHER TERMS ACCEPTABLE. FIRMS WHICH MADE THESE OFFERS WILL NOW BE REQUESTED TO SUBMIT NEW OFFERS BASED ON US\$30 MILLION LOAN REQUIREMENT.

4. EMBASSY WILL ATTEMPT TO OBTAIN AND FORWARD REVISED LISTING OF EQUIPMENT NEEDS.
HEMENWAY

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Margaret P. Grafeld
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